

GENERAL TERMS AND CONDITIONS ADVANCED TECHNOLOGY PROGRAM (ATP)

August, 2001

This document applies to all Recipients of the ATP Cooperative Agreements. ATP Recipient is defined to include all single company Recipients and each individual company that is identified in the Special Award Conditions as a Joint Venture participant.

1. ORDER OF PRECEDENCE OF TERMS AND CONDITIONS OF AWARD

Where the terms of the award and proposal differ, the terms of the award shall prevail. The Recipient is obligated to bring to the attention of the Grants Specialist any perceived difference between any terms and conditions and the proposal.

2. REFERENCED REQUIREMENTS

The ATP Statute, 15 U.S.C. Sec. 278n; the ATP Rule, 15 CFR Part 295; the ATP Notice of Availability of Funds, 66 Fed. Reg. 96 (January 2001); and the ATP Proposal Preparation Kit (November 2000) are hereby incorporated into the award by reference.

3. AUTHORITY TO MODIFY

The Grants Officer is the ONLY authorized agent at NIST with the authority to bind the Federal Government, and to take actions to amend, suspend, and terminate the cooperative agreement.

4. REQUIREMENTS FOR CONTINUING FINANCIAL ASSISTANCE

- a. With respect to any technology arising from assistance provided by NIST under this award, the Recipient shall promote the manufacture of products resulting from that technology within the United States and shall procure parts and materials from competitive United States suppliers to the extent practical.
- b. At any time within the life of this award should the Recipient cease to have a majority control or ownership by individuals who are citizens of the United States, the *Recipient shall notify the NIST Grants Officer of that fact, in writing, within FIFTEEN (15) days.*
- c. In accordance with 15 U.S.C. 278n Sec. (d)(9) and (e), NIST may, within thirty (30) days after notice to Congress, suspend a company from continued assistance under this award if NIST determines that the company or a parent company has failed to satisfy any of the criteria

contained in paragraphs a. and b. of this term, and that it is in the national interest of the United States to do so.

5. NIST PROJECT MANAGEMENT TEAM

The NIST Project Management Team (PMT) includes an ATP Project Manager, a NIST Grants Specialist, and one or more ATP technical and business specialists. The ATP Project Manager is responsible for working with the Recipient, including making recommendations to the NIST Grants Officer throughout the life of the project to ensure that the project progresses towards the objectives stated in the proposal in an optimal way. The ATP Project Manager (and other members of the PMT as appropriate) shall participate in a project start or kickoff meeting, annual reviews, and a close-out meeting prior to the expiration of the award. The ATP Project Manager is responsible for the following:

- a. General oversight and project management functions associated with this cooperative agreement.
- b. Arranging kickoff meetings, annual review meetings, and final closeout meetings.
- c. Monitoring the project to ensure that it is executed in accordance with the proposal and this award; this includes analyzing the quarterly, annual, and final reports, and consulting with other members of the PMT to assess progress.
- d. Recommending appropriate action to the NIST Grants Officer if the project is failing to meet its objectives.

6. SUBSTANTIAL INVOLVEMENT

NIST has selected a cooperative agreement as the funding instrument for this project. Accordingly, the NIST Project Management Team will be substantially involved in the following areas:

- a. Approval of go/no go decision points at various project stages before subsequent stages of a project may continue, if specified in the Special Award Conditions;
- b. Concurrence with sole source procurements in excess of \$100,000;
- c. Approval of key personnel specified in the proposal (including such positions as Financial Officer,

Administrator, Principal Investigator, and/or Project Manager); and

- d. Approval of changes in Joint Venture membership.

7. TECHNICAL/BUSINESS/FINANCIAL REPORTS AND PLANS

The Recipient shall provide access to information that is required to assess the project's progress throughout the project life cycle. In addition to monitoring the technical work, NIST requires business information pertaining to the project during the life of the project and for six years after its end to assess progress towards commercialization, the degree of adoption of the technology, and the impact of the project on the economy.

- a. Technical Reporting:

The Recipient shall submit technical performance reports in triplicate (one original and two copies). Two copies shall be submitted to the ATP Project Manager and the original report to the Grants Officer in the same frequency as the Financial Status Report (SF-269). Technical performance reports shall contain information as prescribed in 15 CFR 14.51. (See Attachment A for an optional structure or format for the technical report.)

- b. Business Reporting:

The Recipient shall submit business reports in accordance with the "Guidelines for Reporting on Business Progress and Economic Impacts" (see Attachment B).

- c. Financial Reporting:

(1) Actual or Incurred Costs

By signing this award the Recipient agrees to ensure that only actual costs incurred will be charged to the award and that all costs will be reasonable, allocable, and allowable in accordance with the applicable Federal Cost Principles. See 15 CFR 14.27. The Recipient shall also ensure that all salaries/wages (technical and administrative), fringe benefits, travel, materials and supplies, equipment, subcontracts, other costs, and indirect costs proposed and to be incurred under this award are consistent with costs incurred for like or similar items on all other Federal and non-Federal projects or cost centers (exclusive of any profits or fees) of the Recipient (including its Joint Venture Partners when applicable).

(2) Cost Share

The Joint Venture (JV) Administrator is responsible for conducting a review of the financial status reports for each JV participant to ensure that the financial information is consistent with each participant's approved budget and consistent with Chapter 5,

Examination Procedures, item 4. of the NIST Program-Specific Audit Guidelines for Advanced Technology Program Cooperative Agreements with Joint Ventures, dated September 1999. Any discrepancies must be resolved by the JV Administrator, prior to submitting financial reports or requesting payments from NIST. The JV Administrator must ensure that the overall award cost-share requirements are met throughout the award. In addition, each JV member is responsible for meeting its cost share in accordance with its approved budget throughout the award.

(3) Submission of Financial Reports

For ATP Recipients, Article A.01 of the DoC Financial Assistance Standard Terms and Conditions dated October 1998 is revised as follows:

- (a) The Recipient shall submit a "Financial Status -269) on a calendar quarter basis for the periods ending March 31, June 30, September 30, and December 31, or any portion thereof, unless otherwise specified in a special award condition. Reports are due no later than 30 days following the end of each reporting period. A final SF-269 shall be submitted within 90 days after the expiration date of the award.

- (b) The Recipient shall submit a "Federal Cash Transactions Report" (SF-272) for each award where funds are advanced to Recipients. The SF-272 is due 15 working days following the end of each calendar quarter for awards under \$1 million dollars; or 15 working days following the end of each month for awards over \$1 million dollars; or unless otherwise specified in a special award condition.

- (c) All financial reports shall be submitted in triplicate (one original and two copies) to the NIST Grants Office.

8. KICK-OFF MEETINGS, ANNUAL REVIEWS, CLOSEOUT MEETINGS, AND SPECIAL STUDIES

The Recipient and each Joint Venture participant, if applicable, shall participate in kick-off, annual review, and closeout meetings. The ATP Project manager will provide the Recipient with meeting instructions in advance of these meetings.

Consistent with the requirements of the Government Performance and Results Act of 1993, Recipients may be asked from time to time to participate in special economic studies or case studies. All requests for participation in such studies will be in accordance with the Paperwork Reduction Act (PRA) requirements as implemented by 5 CFR 1320, and will display a PRA approval number.

9. PRIOR APPROVAL REQUIREMENTS

The prior approval requirements in 15 CFR 14.25, paragraph (e) MAY NOT be waived automatically by the Recipient and require written approval from the Grants Officer.

In addition to the requirements specified in 15 CFR 14.25, Recipients shall obtain prior written approval from the NIST Grants Officer for the following changes:

- a. The transfer of funds among direct cost categories must be approved in advance by the Grants Officer if the transfer exceeds 10% of the approved total annual budget for each single Recipient or Joint Venture participant for each approved project year. Recipients are not authorized to create new budget categories without prior approval. The Recipients are not authorized at any time to transfer amounts budgeted for direct costs to the indirect cost line item
- b. Revisions to Ownership and/or Dissolution of Recipient (Recipient includes the single company or any Joint Venture participant) must be approved in advance by the Grants Officer. These changes include but are not limited to the following:
 - (1) In the event that a company is acquired by, or merges with, any other company, including a foreign company, the Recipient shall include in the written notification to the NIST Grants Officer the following information: date of final acquisition or merger; name and address of any new foreign parent and amount of ownership; whether the Recipient intends to complete its assigned tasks with the same commitment and at the same location; and how this change in ownership will affect the project's projected benefits to the United States. The NIST Grants Officer reserves the right to ask for clarification and/or additional information.
 - (2) When the company is no longer majority-owned by U.S. citizens, the Recipient should provide details of the change in ownership and a discussion of whether the change affects the Recipient's assigned tasks in any way.
 - (3) When only two for-profit companies are participating in a Joint Venture and one of them ceases participation, the Recipient shall provide details regarding the circumstances of the departure, and plans for replacing the departing company with another for-profit organization.
- c. Any substitution, addition, or withdrawal of participants to a joint venture must be approved in advance by the Grants Officer. In the event there is a proposed change to the Joint Venture, all newly-proposed Joint Venture participants shall submit the following documents through the Joint Venture Administrator to the Grants Officer for review and approval: CD-511, SF-424B, NIST-1263, CD-346, SF-LLL. New participants must also satisfy the

requirements of Article A.05.c of the Department of Commerce (DoC) Financial Assistance Standard Terms and Conditions. The Joint Venture Administrator must provide to the NIST Grants Officer a revised Joint Venture Agreement and documentation of the Recipient's notification to the Department of Justice and the Federal Trade Commission of the changes, additions and/or deletion of participants.

10. UNALLOWABLE PROJECT COSTS

Those costs that are designated as being unallowable in Chapter I, Sections C.4 and C.5 of the November 2000 ATP Proposal Preparation Kit will be unallowable under this award.

11. PROGRAM INCOME

- a. Program income earned during the project period shall be retained by the recipient and shall be used to finance any non-Federal share of the project.
- b. Recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period.
- c. Costs incidental to the generation of program, income may be deducted from gross income to determine program income, provided these costs have not been charged to the award
- d. Proceeds from the sale of property shall be handled in accordance with the requirements of Property Standards in 15 CFR 14.30 through 14.37.
- e. Recipients shall have no obligation to the Federal Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award.

12. EQUIPMENT

Upon expiration of the project period, the Recipient shall submit to the NIST Grants Officer an inventory of equipment acquired with Federal funds, as prescribed in 15 CFR 14.34, along with an "Equipment Disposition Certification." The certification provides the Recipient an opportunity to request authorization to continue to utilize the equipment for the purposes of the commercialization initiative. If approved by the NIST Grants Officer, the Recipient shall report to NIST every two years the condition of the equipment as long as the current market value is more than \$5,000.

For Joint Venture awards, title to any equipment purchased under the award, including intangible property that meets the definition of equipment in 15 CFR 14.2(n), that may be in the name of a departing participant, and that is vital to the project, **shall be transferred to another Joint Venture participant as instructed by the Joint Venture Administrator for**

continued use on the project. The Joint Venture shall make compensation to the departing participant for its contribution to the purchase of the equipment by applying its percentage of the cost of the equipment to the current fair market value of the equipment. Should the equipment no longer be needed on the project, the departing participant shall request disposition instructions in accordance with 15 CFR 14.34.

13. NON-COMPLIANCE WITH STATUTORY PURPOSE

If NIST determines that the statutory purposes of research and development under 15 USC 278n can no longer be served (e.g., the project is no longer high-risk), the Recipient shall be deemed in material non-compliance with award requirements. As a result, NIST may terminate the award pursuant to 15 CFR 14.61.

14. REFUNDS

The Recipient shall promptly submit all refund checks (including interest earned on advances) to the DoC accounting office identified below and notify the Grants Office upon submission. Each check must identify on its face the NIST award number, and no more than a two-word description to identify the reason for the refund. Submit to:

National Institute of Standards and Technology
Accounts Receivable
100 Bureau Drive, Stop 3732
Bldg. 101, Room A809
Gaithersburg, MD 20899-3732

15. AUDITS

Project audits (of Federal and non-Federal funds) are required for all ATP Recipients except when those Recipients are required to comply with the Single Audit Act of 1996 and the audit requirements of Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Subcontractors/subawardees, including universities, who receive total funding under an ATP project totaling more than **\$300,000** each are also subject to the audit requirement. A subcontractor/subawardee is defined as an organization which receives a portion of the financial assistance from the recipient/awardee and assists the ATP recipient/awardee in meeting the project goals, but does not include the procurement of goods and services.

- a. ALL ATP Recipients, including each Joint Venture participant (if a Joint Venture project), are required to provide sufficient funds as direct costs (unless included as indirect) in the project's multi-year budget to have project audits performed according to the Schedule shown in b. below.
- b. All Recipients shall schedule audits as follows:
 - (1) For awards less than 24 months, an audit is required within 90 days from the project expiration

date.

- (2) For 2-, 3-, or 4-year awards, an audit is required within 90 days after the end of the first year and within 90 days from the project expiration date.
- (3) For 5-year awards, an audit is required within 90 days after the end of the first year and third year, and within 90 days from the project expiration date.

c. Audits of all Recipients shall be conducted in accordance with *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States (the Yellow Book). If an ATP Recipient is required to have an audit performed in accordance with OMB Circular A-133, "Audits of States, Local Government, and Non-Profit Organizations", the annual OMB Circular A-133 audit is deemed to meet the ATP audit requirement. If an ATP Recipient does not have an annual OMB Circular A-133 audit performed, the Recipient should follow the following project audit requirements:

- (1) Audits for single company Recipients shall be conducted using the *NIST Program-Specific Audit Guidelines for Advanced Technology Program (ATP) Cooperative Agreements with Single Companies*.
- (2) Audits for joint venture Recipients shall be conducted using the *NIST Program-Specific Audit Guidelines for Advanced Technology Program (ATP) Cooperative Agreements with Joint Ventures*.

The program specific guidelines may be useful in identifying the allowability of specific cost elements and other programmatic compliance requirements for those recipients required to have an OMB Circular A-133 audit.

d. The Recipient shall submit **two (2) copies** of each audit report, one to the address shown in Article D.01.c. of the DoC Financial Assistance Standard Terms and Conditions dated October 1998, and one copy to the NIST Grants Officer.

16. CLOSEOUT OF COOPERATIVE AGREEMENT

- a. In accordance with the guidelines established in 15 CFR 14.71 and the DoC Financial Assistance Standard Terms and Conditions dated October 1998, article number A.06, the Grants Officer will allow only those costs associated with compiling the final reports (technical, business, financial, patent/invention, equipment inventory, and closeout audit), during the ninety (90) day closeout period.
- b. The final technical progress (closeout) meeting with the ATP is not considered a closeout-related activity. Therefore, the closeout (end-of-project) meeting with

NIST officials must be conducted **prior to the expiration date of the award**. The Recipient must provide adequate funds in the project budget to ensure participation by all appropriate members in the closeout meeting.

17. USE OF NAME OR ENDORSEMENTS

- a. The Recipient and/or its subrecipients or subcontractors shall not, without the prior approval of NIST, use the name of NIST or the Department of Commerce on any product or service which is directly or indirectly related to either this award or any patent license or assignment agreement which relates to this award.
- b. By entering into this award, NIST does not directly or indirectly endorse any product or service provided or to be provided by the Recipient, its successors, assignees, or licensees. The Recipient and its subrecipients and subcontractors, shall not in any way imply that this award is an endorsement of any such product or service.

18. PUBLICATION GUIDELINES

In any publications, the Recipient shall acknowledge support of the technology development by NIST. Normally this is done by a footnote reading, "This work was performed under the support of the U.S. Department of Commerce, National Institute of Standards and Technology, Advanced Technology Program, Cooperative Agreement Number 70NANBXHXXXX," or words to that effect.

19. PROTECTION OF HUMAN SUBJECTS

Research involving human subjects is not permitted under this award unless expressly authorized by a Special Award Condition or otherwise in writing by the NIST Grants Officer.

The Federal Policy for the Protection of Human Subjects (The Common Rule), codified by the Department of Commerce at 15 CFR Part 27, requires Recipients to maintain appropriate policies and procedures for the protection of human subjects in research. The Common Rule defines a "human subject" as a living individual about whom an investigator conducting research obtains 1) data through intervention or interaction with the individual, or 2) identifiable private information. The term "research" means a systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. The Common Rule also sets forth the categories of research that may be considered exempt from this policy.

In the event it becomes evident that a human subject may be involved in this project, the Recipient shall submit appropriate documentation to the ATP Project Manager for NIST

institutional review and approval. This documentation may include the following:

- (1) Documentation establishing review and approval of the project by a qualified Institutional Review Board (IRB). [NOTE: Recipients must provide documentation of continuing IRB approval by the cognizant IRB at appropriate intervals as designated by the IRB, but not less than annually];
- (2) Documentation to support an exemption for the project from The Common Rule [NOTE: This option is not available for activities that fall under 45 CFR Part 46 Subpart B or C];
- (3) Documentation to support a request for a deferral of review for research involving human subjects beginning after year 1 of the project [NOTE: This option is not available for activities that involve the use of human subjects as defined under 45 CFR 46 subpart B, which must be approved before an award can be made];
- (4) Documentation of IRB approval of any modification to an IRB-approved existing protocol or informed consent form must be submitted to the ATP Project Manager for NIST Institutional review and approval.

No work involving human subjects may be undertaken, conducted, or costs incurred and/or charged to the project, until the NIST Grants Officer approves the required appropriate documentation in writing.

20. CARE AND USE OF LIVE VERTEBRATE ANIMALS

Research involving live vertebrate animals is not permitted under this award unless expressly authorized by a Special Award Condition or otherwise in writing by the NIST Grants Officer.

The Department of Commerce requires Recipients of financial assistance awards to comply, as applicable, with the Animal Welfare Act as amended, and implementing regulations found at 7 USC 2131-2157, 9 CFR parts 1, 2, and 3.

In the event it becomes evident that live vertebrate animals may be involved in this project, the Recipient shall submit appropriate documentation to the ATP Project Manager for NIST institutional review and approval. This documentation may include the following:

- (1) Documentation of the Recipient's United States Department of Agriculture (USDA) Animal Welfare Act certification, or Animal Welfare assurance from the Office of Laboratory Animal Welfare (OLAW) of the Public Health Service/National Institutes of Health (PHS/NIH), or if only using rodents, birds or fish, and the above USDA or OLAW documents have not been attained, evidence of full accreditation from the Association for the Assessment and Accreditation of Laboratory Animal Care (AAALAC);
- (2) A copy of the Institutional Animal Care and Use Committee (IACUC)-approved Animal Study Protocol (ASP) that includes all signature(s) as required by the organizational IACUC. The Recipient shall provide documentation, in the ASP or a separate certification approved by the IACUC, that the Principal Investigator and other personnel involved in the care and use of the animals are trained and experienced in the procedures to be used in the Protocol in accordance with the National Research Council "Guide for the Care and Use of Laboratory Animals" (NRC Guide);
- (3) A copy of the IACUC approval letter for the approved ASP. [NOTE: Documentation of continuing IACUC review by the cognizant IACUC must be submitted to the ATP Project Manager as it occurs];
- (4) Documentation of IACUC approval of any modification to an IACUC-approved existing protocol must be submitted to the ATP Project Manager for NIST Institutional review and approval.

No work involving live vertebrate animals may be undertaken, conducted, and/or costs incurred and/or charged to the project, until the NIST Grants Officer approves the required appropriate documentation in writing.

21. BUREAU OF EXPORT ADMINISTRATION (BXA) CLEARANCE

- a. The Recipient agrees to adhere to the U.S. Export Administration laws and regulations and shall not export or re-export, directly or indirectly, any technical data created with Government funding under this award to any country for which the United States Government or any agency thereof, at the time of such export or re-export, requires an export license or other Governmental approval without first obtaining such licenses or approval and the written clearance of the NIST Grants Officer.
- b. The Bureau of Export Administration (BXA) shall conduct an annual review for any relevant information about the

Recipient's compliance with U.S. export laws. NIST reserves the right to take appropriate action in accordance with 15 CFR 14.62 and Article L.01 of the Department of Commerce Financial Assistance Standard Terms and Conditions, if the BXA reports significant adverse information about the Recipient to the NIST Grants Officer.

22. NORTH AMERICAN FREE TRADE AGREEMENT PATENT NOTIFICATION PROCEDURES

Pursuant to Executive Order 12889, the DoC is required to notify the owner of any valid patent covering technology whenever the DoC or its financial assistance Recipient, without making a patent search, knows (or has demonstrable reasonable grounds to know) that technology covered by a valid United States patent has been or will be used without a license from the owner. To ensure proper notification, if the Recipient uses or has used patented technology under this award without a license or permission from the owner, the Recipient must notify the DoC Patent Counsel at the following address, with a copy to the NIST Grants Officer:

Department of Commerce
Office of Chief Counsel for Technology
Patent Counsel
14th Street and Constitution Avenue, NW
Room H-4610
Washington, DC 20230

The notification shall include the following information:

- a. The award number
- b. The name of the DoC awarding agency
- c. A copy of the patent
- d. A description of how the patented technology was used
- e. The name of the Recipient contact, including an address and telephone number

23. LIABILITY

a. Property

The U.S. Government shall not be responsible for damage to or resulting from any property provided to the Recipient, and/or its subrecipients and/or subcontractors, and/or acquired by the Recipient, and/or its subrecipients and/or subcontractors, pursuant to this award.

b. No Warranty

NIST makes no express or implied warranty as to any matter whatsoever, including the conditions of the research or any invention or product, whether tangible or intangible, made, or developed under this award, or the ownership, merchantability,

or fitness for a particular purpose of the research or any invention or product made or developed under this award.

c. Disclaimer

- (1) The United States expressly disclaims any and all responsibility to the Recipients or third persons for the actions of the Recipient or third persons resulting in death, bodily injury, property damage, or any other losses resulting in any way from the performance of this award or any subaward or subcontract under this award.
- (2) The acceptance of this award by the Recipient does not in any way constitute an agency relationship between the United States and the Recipient.

d. Indemnification

- (1) The Recipient, and/or its subrecipients and/or subcontractors, agree to indemnify and hold harmless the U.S. Government for all liabilities, demands, damages, expenses and losses arising out of the use by the Recipient, its subrecipients, subcontractors, and/or any party acting on their behalf or under their authorization, of products made by the use of technical developments arising under this agreement. This provision shall survive termination of this award.
- (2) The Recipient, and/or its subrecipients and/or subcontractors, agree to indemnify and hold harmless the U.S. Government for any loss, claim, damage, or liability of any kind involving the Recipient's, subrecipient's, and/or subcontractor's employees arising in connection with this award.

e. Force Majeure

Neither party shall be liable for any unforeseeable event beyond its reasonable control not caused by the fault or negligence of such party, which causes such party to be unable to perform its obligations under this award (and which it has been unable to overcome by the exercise of due diligence), including, but not limited to: flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strikes, labor dispute, or failure, threat of failure, or sabotage of the Recipient or subcontractor facilities, or any order or injunction made by a court or public agency. In the event of the occurrence of such a *force majeure* event, the party unable to perform shall promptly notify the other party. It shall further use its best efforts to resume performance as quickly as possible and shall suspend performance only for such period of time as is necessary as a result of the *force majeure* event.

24. INFORMAL COLLABORATORS

All informal collaborators in ATP awards are subject to ATP intellectual property regulations as specified in 15 CFR 295.8. Informal collaborator means any individual or organization which consults, cooperates with, or participates in the performance of this award, and is not included in the approved award budget.

25. INTELLECTUAL PROPERTY

a. Rights in Data

- (1) The Government shall have certain rights to use data first produced in the performance of the award, whether or not the data is copyrighted. The Recipient may establish claim to copyright subsisting in any data first produced in the performance of the award. When claim is made to copyright, the Recipient shall affix the applicable copyright notice of 17 U.S.C. Sec. 401 or 402 and acknowledgment of Government sponsorship to the data when and if the data are delivered to the Government, are published, or are deposited for registration as a published work in the U.S. Copyright Office. The Recipient shall grant to the Government, and others acting on its behalf, a paid up, nonexclusive, irrevocable, worldwide license for all such data to reproduce, prepare derivative works, perform and display publicly, and for data other than computer software to distribute to the public by or on behalf of the Government.
- (2) The licenses granted to the Government under this Term shall not be considered as a waiver of the nondisclosure requirements of 15 U.S.C. Section 278n(d)6: "Intellectual property owned or developed by any business receiving funding may not be disclosed by any officer or employee of the Federal Government except in accordance with a written agreement between the owner or developer and the Program."

b. Patent Rights

(1) Definitions

- (a) "Company" means a for-profit organization, including sole proprietors, partnerships, or corporations.
- (b) "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code.
- (c) "Made" means, when used in relation to any Invention, the conception or first actual reduction to practice of such invention.

- (d) "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or government regulations, available to the public on reasonable terms.
- (e) "Subject Invention" means any invention of the Recipient conceived or first actually reduced to practice in the performance of work under this award.

(2) Ownership of Inventions

Pursuant to the statute that establishes the ATP (15 U.S.C. 278n(d)(11)), this paragraph takes precedence over 15 CFR 14.36 and DoC Financial Assistance Standard Terms and Conditions, dated October 1998, article C.02. The Recipient or, if appropriate, its subrecipients, contractor(s) and/or subcontractor(s), shall have the entire right, title, and interest throughout the world to each Subject Invention according to the provisions of this clause, provided that this party is a company or companies organized in the United States. Joint ventures shall provide to NIST a copy of their written agreement which defines the disposition of ownership rights among the members of the joint venture, and their contractor and/or subcontractors, as appropriate, in accordance with the second sentence of this paragraph. **However, the United States hereby reserves a nonexclusive, nontransferable, irrevocable paid-up license to have practiced for, or on behalf of, the United States, any such invention.** Title to any such invention shall not be transferred or passed, except to a company organized in the United States, until the expiration of the first patent obtained in connection with such invention.

(3) Invention Disclosure, United States License and Filing of Patent Application by Recipient

- (a) The Recipient shall disclose each subject invention to NIST within **two months after the inventor discloses it** in writing to Recipient personnel responsible for patent matters. The disclosure to NIST shall be in the form of a written report and shall identify the award under which the invention was made and the inventor(s). It shall, at a minimum, contain the following information:
 - the title of the invention;
 - the names of all inventors;
 - the name and address of the assignee (if any);
 - an acknowledgement that the United States has rights

in the subject invention (i.e., the Governmental Use License);

- the filing date of the present invention;
- an abstract of the disclosure;
- a description or summary of the present invention;
- the background of the present invention or the prior art;
- a description of the preferred embodiments
- what matter is claimed

One original and two copies of all patent reports shall be submitted to:

NIST
Grants and Agreements Management Division
100 Bureau Drive, MAIL STOP 3580
Building 411, Room A143
Marked FOR: Agreement Number _____
Gaithersburg, MD 20899-3580

Each report shall also include the use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to NIST, the Recipient will promptly notify NIST of acceptance of any manuscript describing the invention for publication or of any sale or public use planned by the Recipient.

- (b) The Recipient shall notify NIST **within two years** of disclosure to NIST whether or not the Recipient intends to file a patent application on any subject invention.

If a patent is issued, the Recipient(s) must submit the following to the Grants Office:

- The award number under which the invention was made;
- The serial number of the patent issued;
- The date of issuance;
- A copy of the disclosure as issued (including the drawings) and;
- The name(s), address, and telephone number(s) of an assignee.

In a JV award, the administrator must submit the patent information to NIST for all participants. In order to prevent disclosure of information to the general public under the Freedom of Information Act (FOIA) or any other statute, each page of each patent report should be marked, "CONFIDENTIAL/PROPRIETARY."

- (c) Requests for extension of the time for disclosure, election, and filing under paragraphs 24.b.(3)(a) and (b) of this Term may be permitted at the discretion of NIST.

(4) Recipient Action to Protect the Government's Interest

- (a) The Recipient agrees to execute or to have executed and promptly deliver to NIST all instruments necessary to establish or confirm the rights the United States Government has throughout the world in those subject inventions to which the Recipient has filed a patent application in which the United States has reserved a non-exclusive license.
- (b) The Recipient shall require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Recipient, each subject invention made under the award in order that the Recipient can comply with the disclosure provisions of paragraph b.3. of this Term, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by b.3.(a) of this Term. The Recipient shall instruct such employees through employee agreements or other suitable education programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to United States or foreign statutory bars.
- (c) The Recipient shall promptly notify NIST of any decisions not to continue the prosecution of a patent application, the payment of maintenance fees, or the defense in a reexamination or opposition proceeding on a patent in any country.
- (d) The Recipient agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention, the following statements:

This invention was made with United States Government support under (identify the cooperative agreement number) awarded by the National Institute of Standards and Technology (NIST).

The United States Government has certain rights in the invention.

(5) Subawards and Subcontracts

The Recipient shall include in all subawards and subcontracts, **regardless of tier**, for experimental, developmental, or research work, a patent rights clause, as appropriately modified, comparable to this term. However, pursuant to the statute establishing the ATP (15 U.S.C. 278n(d)(11)), if the subrecipient or subcontractor is not a company organized in the United States, the patent rights clause shall provide that title to each subject invention made by the subrecipient or subcontractor shall vest with a company or companies incorporated in the United States.

(6) Reporting on Utilization of Subject Inventions

The Recipient agrees to submit on request, no more frequently than annually, periodic reports on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the Recipient or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Recipient, and such other data and information as NIST may reasonably specify. The Recipient also agrees to provide additional reports as may be requested by NIST in connection with any march-in proceeding undertaken by NIST in accordance with paragraph b.8. of this Term. Such information shall be treated by NIST as commercial and financial information and thus as privileged and confidential and not subject to disclosure under section 552 of Title 5 of the United States Code.

(7) Preference for United States Industry

Notwithstanding any other provision of this Term, the Recipient agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject inventions in the United States unless such person agrees that any products embodying the inventions will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by NIST upon a showing by the Recipient or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that, under the circumstances, domestic manufacture is not commercially feasible.

(8) March-in Rights

The Recipient agrees that, with respect to any subject invention in which it has acquired title, NIST has the right, in accordance with procedures in 37 CFR 401.6 and any supplemental regulations of NIST, to require the Recipient, an assignee, or an

exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances. If the Recipient, assignee, or exclusive licensee refuses such a request, NIST has the right to grant such a license itself if NIST determines that:

- (a) Such action is necessary because the Recipient or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;
- (b) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Recipient, assignee, or licensees;
- (c) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Recipient, assignee, or licensees; or
- (d) Such action is necessary because the agreement required by paragraph b.7. of this Term has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of the agreement required by paragraph b.7 of this Term.

ATTACHMENT A
AUGUST 2001

NIST ADVANCED TECHNOLOGY PROGRAM

OPTIONAL GUIDELINES FOR QUARTERLY R&D PERFORMANCE REPORTS

OVERVIEW

The Advanced Technology Program (ATP) General Terms and Conditions incorporated into the Cooperative Agreement between your organization(s) and the ATP calls for quarterly R&D performance reports that are the main source of information provided to the ATP. The content of these reports, as requested by ATP, is consistent with 15 CFR §14.51 ♦ A suggested structure is outlined below and is designed to not be overly burdensome to your organization. This specific structure or format is optional, but the content is required. If your organization has its own format for such reports and all the requested information is provided, ATP will accept your format.

ATP relies on these quarterly R&D performance reports to monitor technical developments in projects. In addition, these reports are used in preparing quick-response derivative reports to Congress and Executive Agencies of the Government that oversee ATP. ATP policy prohibits release of proprietary information contained in these reports and limits internal distribution to those directly involved in management and administration of the specific cooperative agreement. ATP will clear information abstracted from the reports by ATP through your organization in advance of release. The report format outlined here provides for a systematic and logical structuring of key progress elements, and promotes tracking of developments. **For each performance year, a core report is initially established, and subsequent reports simply update this core.** Besides keeping the ATP Project Manager up to date on progress, these reports will provide a history of the project over its life.

CONTENT

The quarterly R&D performance report should:

- a) Identify project objectives, the initial "baseline" for tracking project developments, and milestones through the end of the current performance year;
- b) Provide evidence that projects are attaining technical milestones necessary to meet the objectives of the original proposal;
- c) Identify and explain changes in the composition, direction, or key personnel associated with the project;

♦ 15 CFR Part 14 can be found directly at <http://www.doc.gov/oebam/cfr14.htm>

- d) Identify problems or special opportunities that are critical to the progress of the research, and areas which may benefit from consultation with specialists at NIST.

Two copies of each quarterly R&D performance report shall be submitted to the ATP Project Manager, and the original report to the Grants Officer. If there are technical graphics that do not copy well, please include originals in the copies of the report. Please refer to Special Award Conditions for mailing addresses.

In the following sections, each element of the quarterly R&D performance report is discussed. If you wish to submit a more extensive report of technical progress for a given quarter, you may append it to the formal report. If there is no additional progress to report under a given heading, a statement to that effect should be included for the performance period. Please date all additions and **mark each page of the report "Proprietary."**

PROJECT OBJECTIVES

The first section of the first quarterly R&D performance report should state the overall technical goal of the project and list specific objectives. These should be drawn from the proposal with amplification as required to provide **quantitative** bases for success, or additional detail. The objectives should remain unchanged throughout the project unless results dictate a shift or major technical problems require re-planning a portion of the work. Changes should be addressed in the section entitled "**Summary of Project Changes.**" If the project objectives are unchanged, they may be put in an appendix to the report.

PROJECT BASELINE

In order to contrast the state of the art before and after completion of each ATP project, establish a baseline to describe the status of key elements of the technology at the project outset. Define the baseline in the context of specific targets that are expected to constitute success, and are consistent with project objectives. These may include initial per-unit-costs, physical performance characteristics, or specific technical capabilities. If quantitative measures are not applicable, provide qualitative statements describing the state of the art at the time of project initiation. Identify any changes since the proposal was prepared. The ATP Project Manager will assist you in identifying appropriate baseline characterization as part of the project kickoff. Once established, the project baseline may be moved to an appendix to the report.

TECHNICAL MILESTONES

The quarterly reports should present appropriate milestones through the current performance year and relate the contribution of current year milestones to the overall project milestones. Current year milestones are generally presented and/or modified during the kickoff meeting, and subsequently extended as part of each annual review. The level of detail will depend on the nature of each project, and the concurrence of the principal investigator and the ATP Project Manager. A time line chart of the current year and the overall project milestones may be included in this section with clear identification of major decision points. Once established, this list of milestones with appropriate due dates should not be changed unless technical results or new opportunities dictate. Such changes should be addressed in the section entitled "**Summary of Project Changes.**"

TECHNICAL PROGRESS AND IMPACT

This is the heart of the quarterly R&D performance report, and will occupy the majority of the text. This section includes a discussion of technical progress for the specific performance quarter against the current performance year milestones identified in the preceding section. Sufficient discussion should be provided to allow an accurate assessment of progress, and identification of both successes and technical difficulties against the milestones. Discussion of progress (and technical setbacks) should include implications for the overall objectives of the project. At the end of this section please identify the most significant technical advance to date in the project, and include a short discussion of its significance. Please list any patent applications as well as major equipment purchases.

SUMMARY OF PROJECT CHANGES

In this section, succinctly summarize substantive changes in project planning, personnel, or execution that have occurred over the reporting quarter. These should be derived from the main elements of the report as this section is intended only as a summary. If approval of a change is being requested please note that specifically. All substantive changes to the technical scope of work or budget changes must be discussed in advance with the ATP Project Manager, who must recommend an amendment to the award by the NIST Grants Officer. The criteria for obtaining 'Prior Approval' are specified in **15 CFR Part 14 and the ATP General Terms and Conditions in the award document**. Major changes can be discussed with the ATP Project Manager at ANY time; you do not have to wait to request them in a quarterly report.

PROBLEMS AND OPPORTUNITIES

This section should provide a synopsis of technical problems that must be resolved as well as developing technical and business opportunities. Please also make us aware of areas that may benefit from consultation with specialists at NIST. This information may be integrated into the above sections.

BUSINESS ISSUES

This section is for any business development, commercialization, or market issues that have arisen since your last Business Report.

UPCOMING MEETINGS

If you wish to set up a meeting at NIST, or to request the attendance of either or both of the ATP Technical or Business Project Managers at any meeting, you may use this section to make the request and to provide an overview of the meeting. It is often helpful to present a proposed project coordination meeting schedule for the year in this section, to note when subcontractors' progress will be reviewed, when input from commercialization units may occur, etc. The meeting calendar may include formal or informal meetings of the project principals or formal technical meetings where work, which is related to the project, is addressed. It should include a planned general time frame and expected location for the annual project review, which is to be scheduled during the last quarter of the project year (not the calendar year).

FINAL TECHNICAL REPORT FOR THE TOTAL PROJECT PERIOD

Provides an executive summary that could be read and understood by someone not skilled in the particular technology. The final technical report is proprietary, just like past technical quarterly reports and the original proposal.

The summary should provide an *overview of the technology* that was developed and the problems that were solved and unsolved in its development.

The summary should *identify the key performance parameters* and describe how end-of-project performance compared with beginning-of-project performance.

The summary should also discuss the *significance of the project accomplishments* in terms of potential economic or commercial impact.

Important *remaining technical and non-technical barriers* to commercialization should be identified.

A separate non-proprietary project overview of R&D accomplishments and potential benefits that may be used in a project closeout ATP press release should be clearly identified as part of the final technical report. The final ATP press or other publication use will be reviewed with the company prior to release.

ATP QUARTERLY R&D PERFORMANCE REPORT

Date of Summary: mm/dd/yy

Project Title:

Cooperative Agreement Number:

Performing Organization(s):
Address(es)

Subcontractor(s):
Address(es)

Project Manager:
Title:
Telephone Number:
Facsimile Number:
Electronic Mail Address:

Administrative Contact:
Title:
Telephone Number:
Facsimile Number:
Electronic Mail Address:

Type of Project: Single Business ____ Joint Venture ____

Date Initiated mm/yy Duration months

Total ATP Funding Requested: (\$M) Total Industry Funding Committed: (\$M)

Current Performance Year mm/yy-mm/yy Quarterly Report Period mm/yy-mm/yy

ATP Project Manager:

Project Objectives:

Project Baseline:

Technical Milestones:

Technical Progress and Impact: (including Most Significant Technical Advance to Date)

Summary of Project Changes:

Problems and Opportunities:

Business Issues: (not covered on business diskette)

Upcoming Meetings:

ATTACHMENT B

August 2001

GUIDELINES FOR REPORTING ON BUSINESS PROGRESS AND ECONOMIC IMPACTS

The following reports should be prepared by the persons with primary responsibility for developing and executing business strategies leading to commercialization of the technologies resulting from the ATP-funded project. A questionnaire format is used to facilitate efficient reporting and analysis. Because members of a joint venture have different business goals and different roles in commercialization and diffusion of the ATP-funded technology, each member of a joint venture, as well as each single applicant, has a business reporting responsibility and must file a separate report.

The Economic Assessment Office, ATP, will provide materials customized for the individual reporting organizations in time for preparation of the reports on a timely basis.

Baseline Report

- When Due:** Thirty days after the end of the first calendar quarter of ATP funding. If you begin your project during a calendar quarter, the Baseline Report is due thirty days after the end of that quarter.
- Contents:** In this report we ask you to identify potential areas of application of the technology (e.g., consumer electronics, avionics, medical devices), key attributes of the technology needed to achieve these goals (e.g., quantitative cost, size, performance characteristics) and planned strategies for commercialization (e.g., in-house production, licensing, strategic alliances, etc.); to identify strategies for protecting intellectual property; and to identify plans for dissemination of non-proprietary information.
- Format:** Electronic questionnaire submitted over ATP's secured website.

Quarterly Short-Form Reports

- When Due:** Thirty days after the end of the second, third, and fourth quarters annually. No Short-Form Report is due for the Baseline or Anniversary quarters.
- Contents:** In this brief report we ask you to review the organization address/telephone/contact information currently recorded in the ATP database and to report significant business developments related to the ATP project for the quarter.
- Format:** Hard copy, fax, or e-mail

ATTACHMENT B (continued)
August 2001

**GUIDELINES FOR REPORTING ON BUSINESS PROGRESS AND
ECONOMIC IMPACTS**

Anniversary Report

- When Due: One year after the Baseline Report and subsequently on an annual basis over the duration of the ATP project.
- Contents: In this report, we ask you to update information provided in the Baseline or prior Anniversary Reports. The Anniversary Report expands upon the Baseline Report to cover progress towards implementing commercialization strategies (e.g., an agreement with company X--an end user--for testing laboratory prototypes); early economic impacts of the ATP project; collaboration experiences; attraction of new funding; new intellectual property created; dissemination of information through conferences, publications, and other mechanisms; and a summary of company financial data.
- Format: Electronic questionnaire submitted over ATP's secured website.

Close-out Report

- When Due: Ninety days after end of ATP project performance period.
- Contents: In this part we ask you to review and update information presented in prior anniversary reports in light of your technical accomplishments. In addition, we ask you to identify anticipated remaining technical and business barriers to commercialization of the technology, to define your specific business goals related to the ATP funded technology for the five-year period following the end of ATP funding, and to consider future effects of the ATP project outside your organization.
- Format: Electronic questionnaire submitted over ATP's secured website.

Post-Project Reports

- When Due: Report three times--once every two years following the end of ATP funding.
- Contents: In this report we ask you to report your actual progress in commercializing the technology, and the related impacts inside and outside your organization.
- Format: Not yet determined (telephone survey OR electronic questionnaire submitted over ATP's secured website).